THE INFLUENCE OF COMPETITIVE STRATEGIC MANAGEMENT ON THE PERFORMANCE OF CHINESE SMALL AND MEDIUM-SIZED ENTERPRISES

ABSTRACT: The viability of small and medium-sized enterprises (SMEs) is of utmost importance, as it directly impacts the interests of stakeholders and greatly affects the long-term success of these businesses. Therefore, fostering and nurturing successful SMEs is crucial for sustaining a strong competitive edge. One of the most important aspects of modern management is the strategic approach to competition, which determines the future direction an organization will pursue and ultimately shapes its fate. The various forms of SMEs reflect their unique characteristics and stages of development, which necessitates the development of tailored approaches to improve their operations. Capital plays a crucial role in the sustainable development of SMEs, offering them a valuable solution for their day-to-day operations and growth. This study aims to explore the impact of competitive strategy management on the performance of SMEs. Three objectives guide the study: (1) conducting research on the impact of strategic management on small business performance, (2) examining organisational efficiency within this relationship, and (3) exploring the role of capital efficiency in this relationship. The study focuses on Chinese technology-oriented SMEs and collects primary data using a questionnaire method. Empirical analysis typically involves the use of SEM (structural equation modelling), assessments of reliability and validity, and consideration of sample demographics. Organizational and capital efficiency mediate the positive and significant impact of competitive strategic management on the success of SMEs. The relationship between competitive strategy management and SME performance is crucial for organisational efficiency.

Keywords: SMEs' Performance, Competitive Strategic Management, Organizational Efficiency, Capital Efficiency.

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1. Introduction

Small and medium-sized enterprises (SMEs) in China have experienced rapid growth, thanks to national policies. They have emerged as a key driver of the country's economy (Ma, Liu, & Gao, 2021). The performance of SMEs is crucial for ensuring their long-term sustainability and continued operation. Small and medium-sized enterprises (SMEs) have a crucial role in China's economic landscape, as they are the main contributors to economic activity in the country's daily economic life. However, Vishnevskiy, Meissner and Egorova (2015) highlighted that small and medium-sized enterprises frequently encounter challenges in their business operations due to inadequate operating resources. Consequently, numerous businesses are currently experiencing a phase of intense competition marked by a tendency for products and business models to become increasingly similar. As a result, it can be difficult for these businesses to establish unique advantages. Without embracing new strategies in their business models, SMEs will face considerable obstacles in terms of their survival and expansion.

Effective strategy management is crucial for modern organisations, playing a vital role in their ability to thrive and expand. Competitive strategy management plays a crucial role in modern organisations. Hutzschenreuter and Israel (2009) suggest that the long-term success and expansion of companies depend on their ability to effectively implement competitive strategy management.

The measure of organisational efficiency lies in the utilisation of resources and the productivity of employees, ultimately aiming for optimal performance and effectiveness. The organisation structures of small and medium-sized enterprises (SMEs) vary based on the nature of the enterprises and their stages of development (Aktaş, Çiçek, & Kıyak, 2011). From this perspective, it is crucial for multiple enterprises to acquire a diverse range of techniques and strategies in order to enhance the efficiency of SMEs' operations.

The capital of small and medium-sized enterprises, which is the foundation of their operation and growth, holds immense importance. As the main and essential foundation, these businesses struggle to effectively carry out their daily operations. According to the authors (Wessels & Krige, 2005), the challenges may arise from issues such as inadequate management of funds, difficulty in securing funding, and disruptions in the process of obtaining financial resources. These challenges can pose a significant risk to the smooth functioning of the

enterprise, potentially leading to financial insolvency. According to Belghitar, Clark and Deshmukh (2017), having excessive funds can pose a risk to the company's overall development and growth. Hence, it is clear that prudent management of resources is essential for ensuring enduring and viable growth of a company.

Currently, there is a lack of extensive research on competitive strategy management in SMEs, as they have not received much attention. Researchers often overlook SMEs due to the unique characteristics of the Chinese economy. A well-designed strategy management scheme can help SMEs implement a consistent approach to managing their competitive strategy. This can lead to improved effectiveness for these smaller businesses and ultimately strengthen their competitive advantage. One effective management technique that SMEs can utilise is through performance outcomes, which can be observed directly. Efficient management of competitive strategy can lead to a significant improvement in performance. This study aims to explore the impact of strategic management on the performance of small and medium-sized enterprises (SMEs) in competitive environments.

Based on Kay's (2014) assertion that a strong strategy is crucial for improving an organization's competitive position in the market, this research aims to accomplish three main objectives. Firstly, it is designed to evaluate the performance metrics of SMEs that are impacted by competitive strategic management. Additionally, it seeks to explore the role of organisational efficiency in bridging the gap between competitive strategy management and SME excellence. In order to achieve its goal, it aims to examine the correlation between low capital efficiency and the impact of strategic management on the performance of small and medium-sized enterprises. The study will be guided by these objectives and will yield valuable insights into the effectiveness of management strategies in enhancing performance in competitive SME environments. The main goal of this investigation is to provide practical insights for small and medium-sized enterprises in their efforts to surpass their competitors and excel in their industry.

2. Review of Existing Literature
2.1. Enhancing SME Performance through Competitive Strategy Management
In their study, Srivastava, Franklin and Martinette (2013) highlight the significance of effective competitive strategy management in enhancing performance and attaining long-term corporate success. In the realm of competitive strategy management, enterprises are able to identify and define their core competencies by effectively allocating resources (Kale, Singh, & Perlmutter, 2000). Competitive strategy management plays a crucial role in market research, enabling enterprises to identify their target audiences and create market orientation plans to enhance focus and growth. According to Rhim, Ho and Karmarkar (2003), enterprises have various market tactics to choose from, including low-cost leadership, product differentiation, or niche specialisation.

According to Karanja (1998), employees who are highly engaged demonstrate improved performance. Strategic management plays a crucial role in fostering a culture within an organisation that promotes innovation, collaboration, and a strong dedication to achieving excellence. This cultural framework promotes employee satisfaction and supports the attraction and retention of talented individuals, ultimately benefiting the organization's overall performance. The focus of Porter's cost leadership strategy is on becoming the most efficient producer in the industry. When implemented correctly, SMEs can experience a boost in productivity, lower costs, and gain a competitive edge, as suggested by Porter (1985). The success of small and medium-sized enterprises is heavily influenced by external factors such as market conditions, regulatory policies, and competition within the industry. Modifying competitive strategies in response to these external factors can have a significant impact on productivity (Lockett, Thompson, & Morgenstern, 2009). Building upon prior research findings, this study posits Hypothesis 1, which suggests:

H1: Competitive strategic management positively influences the SMEs' performance.

2.2. The Mediation Effect of Organizational Efficiency between Competitive Strategic Management and the Performance of SMEs
Implementing lean management methods in SMEs can significantly enhance organisational efficiency by eliminating waste and improving processes. The efficiency demonstrated by Prajogo and Olhager (2012) served as a link between competitive strategies and the performance of small and medium-sized enterprises. Strategies focused on fostering innovation and applying technology are crucial for enhancing organisational effectiveness. Tidd and Bessant (2020) argue that achieving high performance in SMEs can be achieved through the implementation of technology-related processes. Furthermore, the implementation of cost leadership strategies enhances resource utilisation and ultimately enhances capital efficiency, as Porter (1985) has suggested. According to Deloof (2003), effective working capital management in SMEs can enhance capital efficiency and improve financial performance through strategic organisational strategies.

Effective resource management is a crucial aspect of successful SMEs, leading to increased profitability and business expansion (Prajogo & Sohal, 2006). The article by Barney (1991) discusses the resource-based view theory, which suggests that competitive strategies can indirectly affect the performance of SMEs by influencing their operational efficiency. Comparative data, specifically related to the efficiency of operations and capital utilisation, highlights the ways in which a competitive strategy can impact the overall advantage of SMEs (Wheelen et al., 2017).

Based on the previous research, hypotheses 2, 3, and 4 in this study were obtained:

H2: Competitive strategic management positively influences SMEs' organizational efficiency.
H3: SMEs' organizational efficiency positively influences the SMEs' performance.
H4: Organizational efficiency mediates competitive strategic management and SMEs' performance.

2.3. Capital Efficiency: Mediating Competitive Strategy and SME Performance
Competitive strategy management significantly influences the effective utilisation of an organization's capital resources. This study examines the correlation between competitive strategies and capital efficiency. Porter's cost leadership strategy focuses on attaining economies of scale and operational efficiencies. According to Porter (1985), firms can improve capital efficiency by effectively implementing this strategy through optimising resource allocation and reducing production costs. Porter's differentiation strategy focuses on offering unique and exclusive products or services. Most companies that employ this approach focus their resources on research and development (R&D) and branding. Furthermore, increasing capital requirements can lead to higher profit margins and improved capital efficiency (Porter, 1985). The understanding of competitor management in small and medium-sized enterprises (SMEs) significantly impacts capital management performance. Kuratko, Ireland and Hornsby (2001) contends that proficiency in strategy and finance management can significantly enhance competitiveness and sustainability.

Research in economics suggests that companies with high levels of capital efficiency are more likely to achieve consistent long-term growth and profitability (Mayer & Nishide, 2010). In contrast, SMEs encounter the significant issue of managing working capital, which has a crucial impact. According to Deloof (2003), maintaining sufficient cash flow and effectively managing bill collection and payment can improve capital efficiency and enhance company performance. The effectiveness of SME capital is determined by the choice between debt and equity, which is typically the main consideration in the decision-making process. The determination of the optimal capital structure, which combines equity and debt, is a key factor affecting the cost of capital and ultimately the profitability of small and medium-sized enterprises (Myers, 1984). According to Epstein and Roy (2001), implementing financial measurements and monitoring systems enables institutions to effectively identify and address issues, resulting in improved long-term performance. Based on the previous research, hypotheses 5, 6, and 7 in this study were obtained:

H5: Competitive strategic management positively influences SMEs' capital efficiency.
H6: SMEs' capital efficiency positively influences the SMEs' performance.
H7: Capital efficiency mediates competitive strategic management and SMEs' performance.

This article's research hypothesis informs the creation of the conceptual framework (see Figure 1).
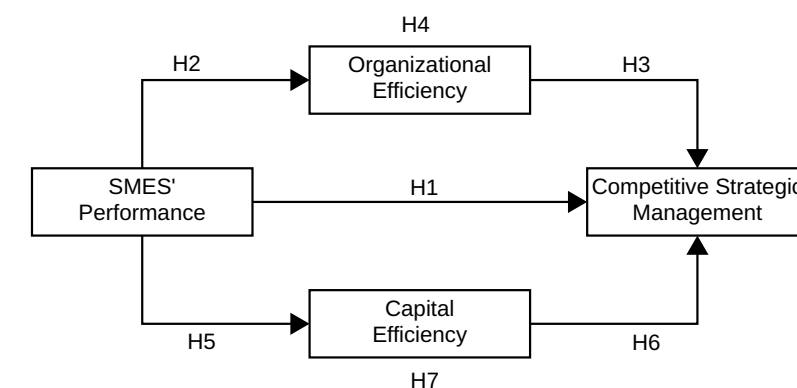

Figure 1: Conceptual Model.

3. Methodology
3.1. Population and Sampling
The target population of this article consists of SMEs in the technology sector in China. The 2022 China Statistical Yearbook reported a total of 355,845 technology-based SMEs in China as of the end of 2022.

The study employs stratified sampling to partition the target population into 31 subsamples based on geographical location. Table 1 presents data regarding this specific subgroup. The study selected a sample of 400 CEOs from Chinese technology-based SMEs to complete questionnaires as the data collection method. Proportional stratification is used, where the sample size for each stratum is scaled according to its population size.

Table 1: Stratified Sampling.

Medical Manufacturing Companies Classification	Total Number of Companies (L_i)	($p_i=L_i/T$)	Number of Samples ($n_i=p_i \times$ Target Sample Size)
Shanghai City	18704	5.26%	21
Yunnan Province	1253	0.35%	1
Inner Mongolia Autonomous Region	1379	0.39%	2
Beijing City	12137	3.41%	14
Jilin Province	1466	0.41%	2
Sichuan Province	6054	1.70%	7
Tianjin City	7505	2.11%	8
Ningxia Hui Autonomous Region	703	0.20%	1
Anhui Province	18480	5.19%	21
Shandong Province	31907	8.97%	36
Shanxi Province	4602	1.29%	5
Guangdong Province	61963	17.41%	70
Guangxi Zhuang Autonomous Region	3827	1.08%	4
Xinjiang Uygur Autonomous Region	1600	0.45%	2
Jiangsu Province	32160	9.04%	36
Jiangxi Province	11217	3.15%	13
Hebei Province	13109	3.68%	15
Henan Province	18621	5.23%	21
Zhejiang Province	24767	6.96%	28
Hainan	897	0.25%	1
Hubei province	28128	7.90%	32
Hunan Province	19034	5.35%	21
Gansu Province	2827	0.79%	3
Fujian Province	6189	1.74%	7
Xizang Autonomous Region	455	0.13%	1
Guizhou Province	1171	0.33%	1
Liaoning Province	6249	1.76%	7
Chongqing City	1865	0.52%	2
Shaanxi Province	14247	4.00%	16
Qinghai Province	249	0.07%	0
Heilongjiang Province	3080	0.87%	3
Total	**355,845**	**100%**	**400**

3.2. Instrumentation
The assessment of competitive strategic management is conducted using a scale developed by Mohammed and Rugami (2019). This scale consists of three dimensions: strategic planning, strategy implementation, and monitoring, as well as team engagement. Organisational efficiency is measured using a scale developed by Aktaş et al. (2011), consisting of three dimensions: organisational structure and managerial systems, organisational production and supply network, and customer chain. The evaluation of capital efficiency is based on a scale developed by Kristoufek and Vosvrda (2013), which consists of three dimensions: employee expense efficiency, operational expense efficiency, and market expense efficiency. The performance of SMEs is assessed using a scale developed by Owoseni and Adeyeye (2012). This scale consists of four dimensions: employee performance, financial performance, market performance, and a framework for innovation and competitiveness. All the items are scored on the 5 point scale which varies from 1 ("strongly disagree") to 5 ("strongly agree").

3.3. Data Analysis Techniques
The study evaluated the reliability and validity of the scale. The current study employed IBM SPSS and AMOS software to analyse a structural equation model and test the hypothesis.

4. Results and Discussion
4.1. Participant Demographics
Table 2 displays the demographic profile of the survey respondents.

Table 2: Demographic Characteristics of the Sample.

Demographic	Category	Frequency	Percentage (%)
Gender	Male	254	63.5
	Female	146	36.5
Age	Under 30 years old	63	15.8
	30-40 years old	66	16.5
	41-50 years old	93	23.3
	Over 50 years old	178	44.5
Education Background	Undergraduate education or below	46	11.5
	Undergraduate	119	29.8
	Master	183	45.8
	PhD or above	52	13.0
Marital Status	Single	54	13.5
	Married	238	59.5
	Others	108	27.0

4.2. Data Coding and Entry
Table 3 displays abbreviations of variables in the current study.

Table 3: Variable Abbreviation.

Variable Name	Abbreviation
Competitive strategic management	CSM
Organizational efficiency	OE
Capital efficiency	CE
SMEs' performance	SMESP
Strategic Planning	SP
Strategy Implementation and Monitoring	SIAM
Team Engagement	TE
Organizational Structure and Management Systems	OSMS
Organizational Production	OP
Supply Chain and Customer Chain	SCCC
Employee Expenditure Efficiency	EEE
Operational Expenditure Efficiency	OEE
Market Expenditure Efficiency	MEE
Employee Performance	EP
Financial Performance	FP
Market Performance	MP
Innovation and Competitiveness	IC

4.3. Assessment of Validity and Reliability Test
Table 4 presents the reliability analysis findings for the CSM scale. The results indicate that the scale consists of 9 items with a Cronbach's alpha coefficient of 0.882, which exceeds the acceptable threshold of 0.7, confirming its strong reliability. The scales for Organisational Efficiency (OE), Capital Efficiency (CE), and SME Performance (SMESP) exhibit satisfactory reliability, meeting the criteria for questionnaire analysis. The questionnaire, consisting of 40 measurement items, exhibits strong reliability with a Cronbach's alpha coefficient of 0.932.

Table 4: Reliability Test.

Testing Scale	Number of Items	Cronbach's Alpha
CSM	9	0.882
OE	9	0.864
CE	9	0.840
SMESP	13	0.889
Total	**40**	**0.932**

4.4. Convergence Validity Test
Table 5 and Table 6 present the results of the confirmatory factor analysis for the seven variable scales previously discussed in the analysis. These data are visually represented in Figure 2. Table 5 shows that all observed variables have standardised factor loadings greater than 0.7, all latent variables have composite reliabilities (CR)

greater than 0.7, and the average variance extracted (AVE) is greater than 0.5. Thus, it can be inferred that the latent variable scales in this article demonstrate strong convergent validity. Table 6 shows that all the variables' fitting indicators meet the standards, and subsequent verification confirms their strong validity.

Table 5: Confirmatory Factor Analysis.

Latent Variable	Observation Variable	Standardized Factor Loading	S.E.	C.R.	P	CR	AVE
SP	CSM1	0.843					
	CSM2	0.810	0.053	18.119	0.000	0.872	0.694
	CSM3	0.845	0.054	18.673	0.000		
SIAM	CSM4	0.858					
	CSM5	0.807	0.052	18.175	0.000	0.872	0.694
	CSM6	0.834	0.053	18.595	0.000		
TE	CSM7	0.837					
	CSM8	0.845	0.053	18.888	0.000	0.873	0.696
	CSM9	0.820	0.053	18.241	0.000		
OSMS	OE1	0.806					
	OE2	0.829	0.063	16.193	0.000	0.834	0.627
	OE3	0.737	0.064	14.365	0.000		
OP	OE4	0.825					
	OE5	0.872	0.051	20.075	0.000	0.891	0.732
	OE6	0.869	0.054	19.748	0.000		
SCCC	OE7	0.830					
	OE8	0.854	0.051	19.555	0.000	0.888	0.726
	OE9	0.871	0.054	19.854	0.000		
EEE	CE1	0.845					
	CE2	0.782	0.058	16.503	0.000	0.854	0.662
	CE3	0.812	0.063	16.633	0.000		
OEE	CE4	0.762					
	CE5	0.829	0.071	16.152	0.000	0.862	0.676
	CE6	0.872	0.069	16.835	0.000		
MEE	CE7	0.844					
	CE8	0.843	0.053	18.309	0.000	0.863	0.678
	CE9	0.781	0.056	16.767	0.000		
EP	SMESP1	0.852					
	SMESP2	0.826	0.054	17.968	0.000	0.863	0.677
	SMESP3	0.79	0.052	17.31	0.000		
FP	SMESP4	0.811					
	SMESP5	0.813	0.063	16.475	0.000	0.853	0.659
	SMESP6	0.812	0.06	16.698	0.000		
MP	SMESP7	0.869					
	SMESP8	0.85	0.051	18.679	0.000	0.855	0.665
	SMESP9	0.719	0.053	15.433	0.000		
IC	SMESP10	0.899					
	SMESP11	0.853	0.041	24.277	0.000	0.939	0.795
	SMESP12	0.893	0.037	26.881	0.000		
	SMESP13	0.92	0.036	29.008	0.000		

Table 6: Model Fit Indicators.

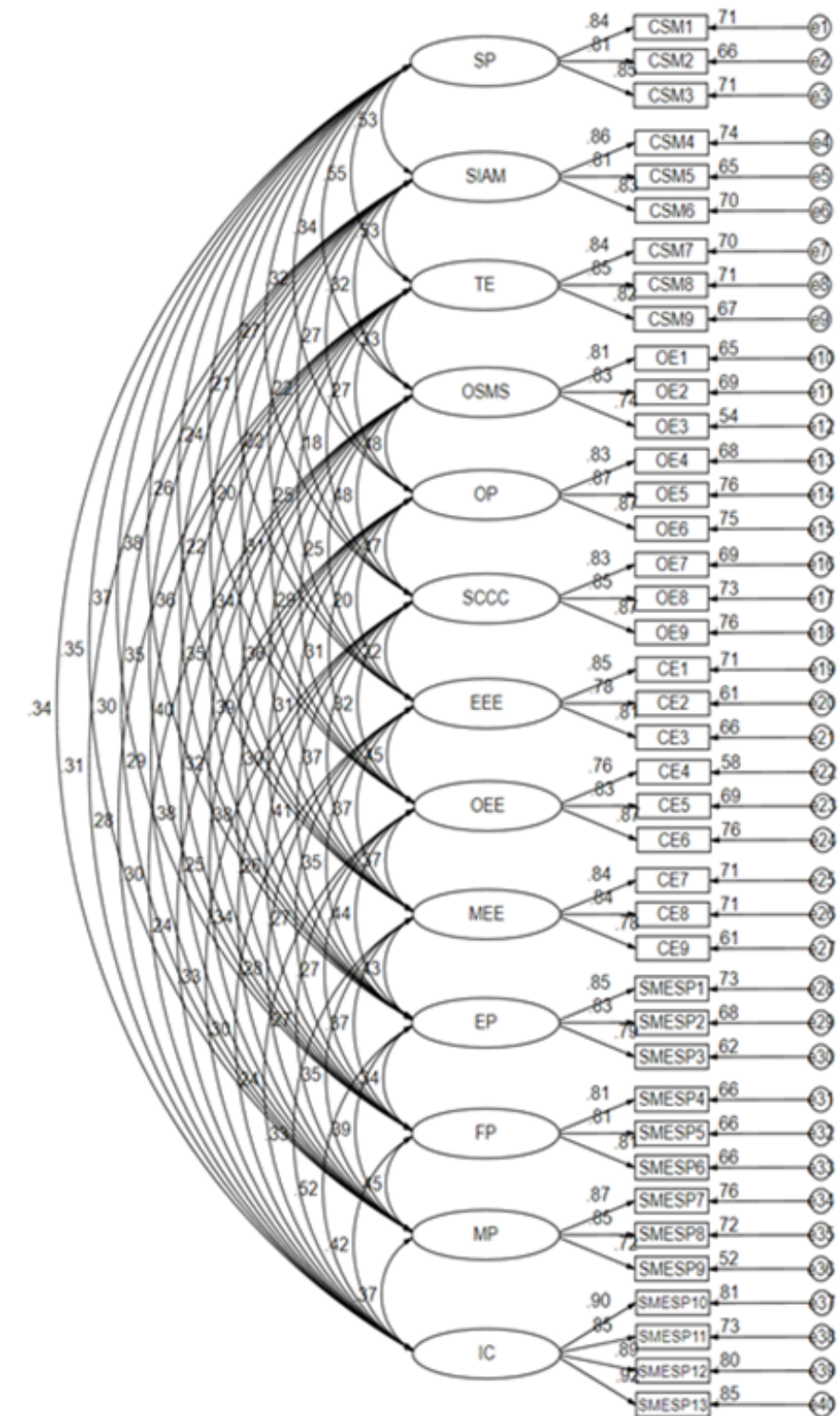| "Model Fit Indicators"	"Threshold"	"Estimate"
"χ²/ DF"	"[1,5]"	"1.419"
"NFI	">0.9"	"0.911"
"IFI"	">0.9"	"0.972"
"TLI"	">0.9"	"0.967"
"CFI"	">0.9"	"0.972"
"RMSEA"	"<0.08"	"0.032"

Figure 2: Diagram of Confirmatory Factor Analysis Model.

4.5. Assessment of Discriminant Validity

Table 7 displays the results of the discriminant validity analysis. The resulting outcome indicates that the questionnaire used in the study achieved a satisfactory level of discriminating validity. For instance, when the correlation coefficient between latent variables exceeds the square root of the average variance extracted (AVE) for the variable, it indicates a strong validity of the structure.

Table 7: Discriminant Validity.

	SP	SIAM	TE	OSMS	OP	SCCC	EEE	OEE	MEE	EP	FP	MP	IC
SP	0.83												
SIAM	0.46	0.83											
TE	0.48	0.46	0.83										
OSMS	0.30	0.28	0.29	0.79									
OP	0.27	0.24	0.24	0.42	0.86								
SCCC	0.24	0.20	0.16	0.41	0.42	0.85							
EEE	0.19	0.18	0.23	0.22	0.18	0.19	0.81						
OEE	0.20	0.17	0.27	0.26	0.27	0.28	0.39	0.82					
MEE	0.23	0.20	0.30	0.31	0.27	0.32	0.32	0.33	0.82				
EP	0.33	0.31	0.30	0.33	0.26	0.36	0.30	0.39	0.38	0.82			
FP	0.32	0.30	0.34	0.27	0.33	0.23	0.23	0.23	0.32	0.29	0.81		
MP	0.31	0.26	0.26	0.34	0.22	0.31	0.24	0.24	0.30	0.34	0.39	0.82	
IC	0.32	0.28	0.25	0.27	0.22	0.30	0.27	0.23	0.30	0.47	0.37	0.35	0.89

Note: The value in the bold face is situated on the upper right corner of the matrix representing the square root of the average variance extracted (AVE), and the remaining values are the correlation coefficients of latent variables.

4.6. Structural Equation Model and Path Analysis
4.6.1. Model Fitting
This study presents a structural equation model that utilises AMOS software for statistical analysis, as depicted in Fig. 3. It is essential to evaluate the appropriateness of the model during the initial stage. Based on Table 8, the structural equation model developed in this study meets the expected standards of adequacy.

Table 8: Fitting Indicators of the Structural Equation Model.

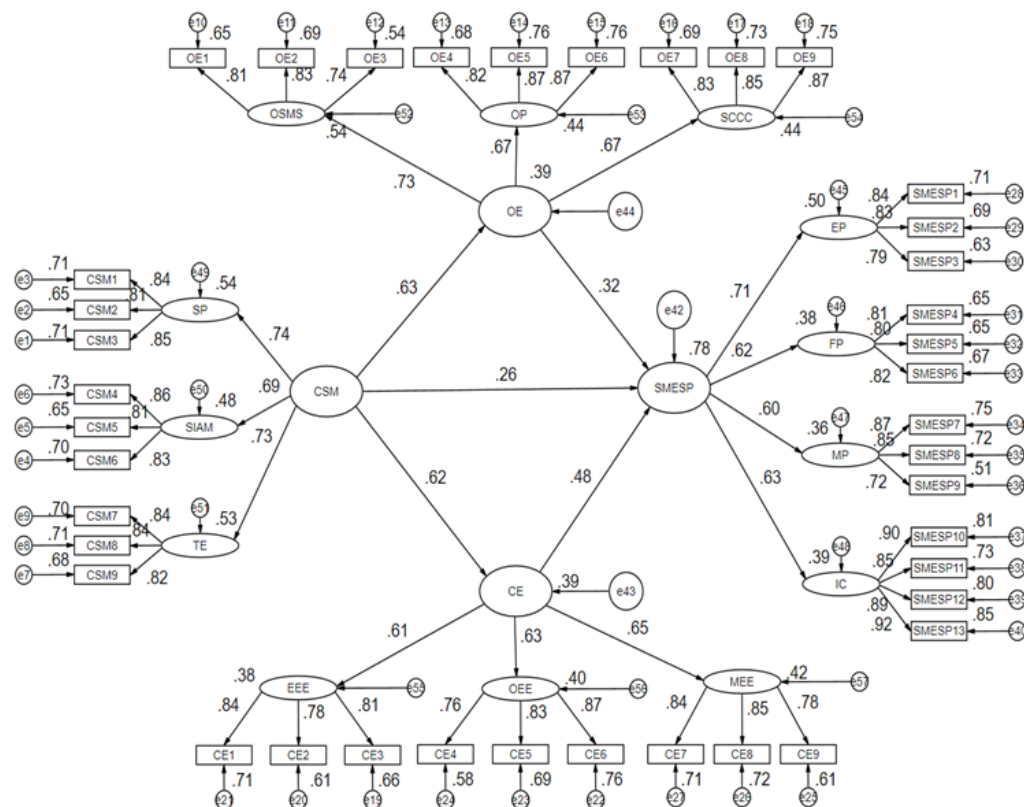| "Model Fit Indicators"	"Threshold"	"Estimate"
"X²/ DF"	"[1,5]"	"1.471"
"NFI"	">0.9"	"0.900"
"IFI"	">0.9"	"0.965"
"TLI"	">0.9"	"0.963"
"CFI"	">0.9"	"0.965"
"RMSEA"	"<0.08"	"0.034"

Figure 3: Structural Equation Model Diagram.

4.7. The Direct Effect Test Results
Table 9 examines the correlation between the variables and presents the significant findings. The coefficient β = 0 indicates that CSM has a significant positive effect on SMESP. Conversely, Customer Satisfaction Management (CSM) has a moderately significant impact on Organisational Effectiveness (OE) (β = 0. undefined undefined). In addition, it is crucial to note that there is a positive relationship between OE and SMESP (β = 0. undefined undefined). Furthermore, CSM has a significant positive impact on CE (β = 0.0). The text provided is undefined. Finally, it is suggested that CE has a significant positive impact on the economies of SMESP (β = 0. undefined). The first method (01) will thus enhance the testing of H6.

Table 9: Results.

Direct Effects	Standardized Estimate	S.E.	C.R.	P	Unstandardized Estimate	Hypothesis
CSM → SMESP	0.26	0.097	2.497	0.013	0.243	H1
CSM → OE	0.628	0.097	6.809	0.000	0.658	H2
OE → SMESP	0.324	0.082	3.538	0.000	0.289	H3
CSM → CE	0.625	0.086	6.341	0.000	0.547	H5
CE → SMESP	0.479	0.122	4.171	0.000	0.509	H6

4.8. Findings from the Analysis of Indirect Effects
The minimum effect size observed in Table 10 can be attributed to the absence of a moderating effect of CSM on SMESP through OE. A 95% confidence interval for the value of 128 is [0 The code [090, 0.172] indicates an indirect impact. The inference is that OE serves as an intermediary between CSM and SMESP, thereby confirming hypothesis H4.

The findings from Table 10 suggest that there is no indirect effect of CSM on SMESP through CE. The estimate is 126, with a confidence interval of [0. An indirect effect of 0.166 was observed when CE acted as a mediator between CSM and SMESP (H7).

Table 10: The Indirect Effect Test Results.

Indirect Effect Analysis	Standardized Estimate	SE	Lower	Upper	Hypothesis
CSM → OE → SMESP	0.128	0.021	0.090	0.172	H4
CSM → CE → SMESP	0.126	0.019	0.090		H7

5. Discussion
This practical scientific study shows that competitive strategic management results in an improved performance of SMEs. Manufacturing firms were found to enjoy improved competitiveness, employee performance, and productivity when their leaders implemented competitor-centric strategic management practices. For example, Muriuki, Cheruiyot and Komen (2017). Whatsoever, Dauda, Akingbade and Akinlabi (2010) investigated small business enterprises in Lagos state and the beneficial effects of strategic management practices on profitability and market share is among the findings. In addition, at the international level, Makanga and Paul (2017) demonstrated a significant link between corporate strategies and the sustainability and profitability of organisations in a modern external corporate governance context. The case study conducted by Makanga and Paul (2017) demonstrated that the implementation of strategic management significantly enhances an organization's overall performance.

The data analysis of the article reveals that organisational effectiveness plays a crucial role in connecting effective strategic management with the performance of SMEs. Promoting the integration of organisational functionality across various processes and connections is a key responsibility of enterprise governance. Kago, Gichunge and Baimwera (2018) investigated the impact of formal competitive strategic management on the effectiveness of medium-sized manufacturing enterprises in Nairobi, Kenya. Competition plays a crucial role in shaping an organization's adoption of strategic management, according to his groundbreaking discovery. However, it is worth noting that research has demonstrated that organisations that implement formal competitive strategic management tend to outperform those that do not. By implementing a performance assessment mechanism, the system can enhance the supervision of management, reduce any self-serving behaviour by managers, mitigate the conflict between shareholders and managers, and ultimately decrease agency costs

(Mwai, Namada, & Katuse, 2018). As it enhances efficiency, it also has the potential to decrease risks (Petro & Gardiner, 2015), and remove obstacles to information flow and timely supervision. This approach offers a rational and effective foundation for decision-making, thereby facilitating the smooth operation of the entire enterprise and enhancing the organization's capacity to make prompt and high-quality decisions.

Empirical findings clearly demonstrate that capital efficiency plays a crucial role in how competitive strategic management affects the performance of small and medium enterprises. According to Baines and Langfield-Smith (2003), accounting data can play a crucial role in improving financial performance by facilitating effective strategic management of competitiveness. In addition, strategic waste management helps to save costs by reducing waste and cutting production expenses.

A study conducted by Sharabati, Jawad and Bontis (2010) on Pharmaceutical industries in Jordan demonstrated a significant and strong relationship between capital efficiency and financial performance. Similarly, the research conducted by Rehman et al. (2011) indicates a significant and favourable correlation between capital efficiency and corporate success. In addition, Ahangar (2011) conducted a study that explored the connection between capital efficiency and corporate performance. The findings of this research further support the notion that capital efficiency plays a significant role in determining the overall performance of a company.

6. Conclusion

This study focuses on investigating the impact of competitive strategic management on the success of small and medium-sized businesses. Utilising established literature and conceptual frameworks, the research model is developed to encompass competitive strategic management, organisational efficiency, capital allocation, and the growth of SMEs. This article employs empirical analysis to perform statistical tests on the seven hypotheses presented, confirming the direct influence of competitive strategic management on the performance of SMEs, as well as the indirect influence of competitive strategic management on SMEs' performance through two mediation variables: organisational efficiency and capital efficiency.

The study focuses on technology-based SMEs in China and collects primary data through a questionnaire survey method. Through the establishment of a suitable minimum sample size of 400, the empirical analysis involves conducting structural equation modelling (SEM),

assessing the reliability and validity of the questionnaire scale, and examining the demographic characteristics of the survey data. The direct effect analysis of the SEM indicates that competition in strategic management has a significant positive impact on the performance of SMEs, organisational efficiency, and capital efficiency. Furthermore, the relationship between competitive strategic management and SME's performance is influenced by factors such as organisational efficiency and capital efficiency. This was determined through an analysis of the indirect effects in the SEM.

6.1. Implications of the Study
6.1.1. Theoretical Implications

This study integrates corporate competitive strategy and strategic management theories into the research framework to enhance theoretical integration and expansion. Highlighting the constraints of the individual theories, this study presents a framework that integrates competitive strategy and strategic management theories. The paper presents a conceptual model of strategic management that enhances our understanding of how competitive strategy management impacts SME performance. This article addresses a significant gap in current research in this field and contributes to the theory of competitive strategic management in enterprises.

6.1.2. Practical Implications

In order to thrive in a competitive environment, SMEs must strategically focus on enhancing and maximising their existing capabilities. Developing a plan of this nature necessitates extensive analysis, thorough research, and aligning goals with the overall strategy. It is important to note that this process involves a comprehensive analysis to determine the impact of various changes on enterprise development and performance.

Secondly, SEMs should proactively foster the development of core talents within enterprises. The role of core talents in enterprises is of utmost importance. They have the ability to make outstanding contributions to the company's development and are a vital asset.

Thirdly, It is important for SEMs to incorporate a wide range of resources. Enterprises must thoroughly consider all of their internal and external resources, including tangible and intangible assets. Enterprises face significant challenges in effectively and efficiently utilising and integrating these resources through learning and innovation. When needed, strategic managers of enterprises may choose to engage external

professionals to contribute to analysis and formulation. When formulating, the main considerations revolve around essential elements like corporate culture, corporate brand, marketing management model, human resource management, and the after-sales service system.

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